

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Costa Rica

## Sugar Annual

## Sugar Annual Report

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**Report Highlights:**

Costa Rica's sugar production declined almost 11.5 percent in 2010/2011 to 345,128 MT as a result of a 15.8 percent reduction in sugar cane output. Costa Rica's production, however, still allows it to meet its domestic sugar consumption needs and export to different markets.

## **Executive Summary:**

Costa Rica's cane and sugar production declined to 3.3 MMT and 345,128 MT respectively in the 2010/2011 crop year. The 2009/2010 crop amounted to 3.9 MMT of cane and 390,175 MT of sugar. Sugar sector authorities are working with producers to improve production during 2011/2012. Higher production is expected, assuming normal weather conditions. The main reason for the sharp drop in production was the unfavorable weather experienced in 2010 throughout the country. The Costa Rica Sugar League (LAICA) is working with producers and the banking system to fund a plantation renovation program which is expected to improve production conditions in the medium term. Costa Rica has continued to export its U.S. quota allocation and has been able to take advantage of additional volumes allocated under the U.S. WTO sugar quota.

## **Commodities:**

Select

## **Production:**

Costa Rica's sugar industry is made up of approximately 7,000 producers and 13 sugar mills, distributed in 6 regions of the country. However, more than 60 percent of cane production is concentrated in the pacific region, mainly in the province of Guanacaste. The majority of the sugar mills are owned by Costa Rican nationals, although at least one company is owned by Guatemalan investors. LAICA is the institution that regulates the relationship between producers and millers. LAICA is also involved in the marketing and sales of sugar and sugar products for domestic consumption and for export.

Based on preliminary data from LAICA, cane production will decline 15.7% to 3,300,000 MT during crop year 2010/2011. Lower cane production is the result of very unfavorable weather conditions during 2010 in the main growing areas.

Excessive rainfall, higher night temperatures and reduced light due to cloudy conditions resulted in lower yields in cane. Cane diseases continued to affect several production regions. A disease known as "orange rust" caused by the fungi *Puccinia kuehnii* that caused serious problems during previous crop years in the Southern region of Perez Zeledon, has been partially controlled. However, other problems became worse during this growing season, in particular an excessively high rodent population in Guanacaste, which is affecting not only sugar cane but other crops as well.

## **Area Planted**

Area planted of sugar cane is estimated to be 56,000 ha. with 52,000 ha. being harvested. Area planted increased slightly in 2010/2011 as a result of reduced uncertainty among producers regarding CAFTA-DR. However, sugar mills, primarily in the Central part of the country are struggling in order to keep sugar area planted from declining, as competition from urbanization and high land prices are slowly taking area away from sugar. Mills in the Guanacaste region continue to lure producers of other crops (mainly rice) to shift to sugar cane production. Sugar production is facing increased competition as more producers planted rice in Guanacaste as a result of Government policies that provided incentives to rice production. Also, pineapple growers are competing for land in Guanacaste, an area that was not used for pineapple production in the past.

## **Yields**

Data provided by the Costa Rican Sugar League (LAICA) indicates that the average sugar cane yield is expected to decline from 75.6 MT/ha. in 2009/2010 to about 64.0 MT/ha. in 2010/2011. The average sugar yield was 99.56 kg/ton in 2009/2010 and is expected to be about 104 kg/ton.

## **Consumption:**

Costa Rica's sugar consumption was 236,196 MT in 2009/2010, and it is forecast to increase to 240,506 MT in 2010/2011. Per capita sugar consumption is estimated at 51.76 kg. for 2009/2010. Costa Rica's per capita sugar consumption is one of the highest in the region, although it has declined from a record 59.2 kg in 1997-1998. Total sugar consumption is divided almost equally between direct consumption and industrial use.

### Trade:

Sugar exports amounted to 153,879 MT in 2009/2010. Costa Rican sugar exports are expected to reach 104,621 MT during the 2010/2011 crop year. Export volume could increase by the end of the crop year depending on the production from sugar mills in areas where the harvest has not been completed. The main destination for Costa Rica's sugar during the 2009/2010 crop year was Canada, followed by Russia and the United States. Exports to the United States include the U.S. WTO, and the CAFTA-DR sugar quotas, and sugar for re-export. Costa Rica already exported its WTO sugar quota to the U.S. for the 2011 fiscal year. LAICA also expects to export an additional 7,463 MT allocated by USDA on April 11th on or around May 15th.

## Production, Supply and Demand Data Statistics:

**Table 1: Sugar Cane for Centrifugal Sugar: Supply and Utilization**

<b>Sugar Cane for Centrifugal Costa Rica</b>	<b>2009/2010</b>		<b>2010/2011</b>		<b>2011/2012</b>		
	<b>Market Year Begin: Oct 2009</b>		<b>Market Year Begin: Oct 2010</b>		<b>Market Year Begin: Oct 2011</b>		
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	
Area Planted	52	54		56		56	(1000 HA)
Area Harvested	50	52		52		53	(1000 HA)
Production	3,500	3,919		3,300		3,500	(1000 MT)
Total Supply	3,500	3,919		3,300		3,500	(1000 MT)
Utilization for Sugar	3,500	3,919		3,300		3,500	(1000 MT)
Utilization for Alcohol	0	0		0		0	(1000 MT)
Total Utilization	3,500	3,919		3,300		3,500	(1000 MT)

**Table 2: Centrifugal Sugar: Production, Supply and Distribution**

<b>Sugar, Centrifugal Costa Rica</b>	<b>2009/2010</b>		<b>2010/2011</b>		<b>2011/2012</b>		
	<b>Market Year Begin: Oct 2009</b>		<b>Market Year Begin: Oct 2010</b>		<b>Market Year Begin: Oct 2011</b>		
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	
Beginning Stocks	155	155	111	155		154	(1000 MT)
Beet Sugar Production	0	0	0	0		0	(1000 MT)
Cane Sugar Production	382	390	370	345		355	(1000 MT)
Total Sugar Production	382	390	370	345		355	(1000 MT)
Raw Imports	0	0	0	0		0	(1000 MT)
Refined Imp.(Raw Val)	0	0	0	0		0	(1000 MT)

Total Imports	0	0	0	0		0	(1000 MT)
Total Supply	537	545	481	500		509	(1000 MT)
Raw Exports	188	154	160	105		140	(1000 MT)
Refined Exp.(Raw Val)	0	0	0	0		0	(1000 MT)
Total Exports	188	154	160	105		140	(1000 MT)
Human Dom. Consumption	238	236	240	241		245	(1000 MT)
Other Disappearance	0	0	0	0		0	(1000 MT)
Total Use	238	236	240	241		245	(1000 MT)
Ending Stocks	111	155	81	154		124	(1000 MT)
Total Distribution	537	545	481	500		509	(1000 MT)

**Table 3: Centrifugal Sugar: Export Trade Matrix**

<b>Export Trade Matrix</b>	
Costa Rica	
Sugar, Centrifugal	
MT	
Time Period	2009/2010
Exports for:	
U.S.	31,823
Others	
Canada	57,938
Russia	36,050
Bahamas	5,390
Total for Others	99,378
Others not Listed	54,501
Grand Total	153,879